

TOWNSHIP OF SAND BEACH
Huron County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Sand Beach	County Huron
Fiscal Year End March 31, 2008	Opinion Date June 25, 2008	Date Audit Report Submitted to State June 26, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707			
Authorizing CPA Signature 	Printed Name Mark J. Campbell	License Number 1101007803	

TOWNSHIP OF SAND BEACH
Huron County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

June 25, 2008

To the Township Board
Township of Sand Beach
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Township of Sand Beach, Huron County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Sand Beach's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Township of Sand Beach, Huron County, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF SAND BEACH
Huron County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Sand Beach covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$935,437.30 for governmental activities and \$1,516,537.13 for business activities (water). Overall net assets increased \$207,684.57.

Overall revenues were \$766,054.21 (\$453,694.17 from governmental activities and \$312,360.04 from business-type activities (water).

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities and business-type activities. These include the General Fund, the Cemetery Fund, the Cemetery Perpetual Care Fund, and the Water Fund.

TOWNSHIP OF SAND BEACH
Huron County, Michigan
CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	Governmental Activities 2008	Business-type Activities 2008	Total 2008
Current Assets	889 678 17	190 127 52	1 079 805 69
Restricted Assets	-	248 230 48	248 230 48
Capital Assets	53 044 00	2 312 964 00	2 366 008 00
Other Assets	-	1 385 609 71	1 385 609 71
Total Assets	942 722 17	4 136 931 71	5 079 653 88
Current Liabilities	3 559 87	152 038 00	155 597 87
Non-current Liabilities	3 725 00	2 468 356 58	2 472 081 58
Total Liabilities	7 284 87	2 620 394 58	2 627 679 45
Net Assets:			
Invested in Capital Assets	53 044 00	896 384 67	949 428 67
Reserved	85 801 14	248 230 48	334 031 62
Unrestricted	796 592 16	371 921 98	1 168 514 14
Total Net Assets	935 437 30	1 516 537 13	2 451 974 43
	Governmental Activities 2008	Business-type Activities 2008	Total 2008
Program Revenues:			
Fees and Charges for Services	49 584 13	75 347 32	124 931 45
General Revenues:			
Property Taxes	240 821 59	-	240 821 59
State Revenue Sharing	106 765 29	-	106 765 29
Interest	37 086 11	33 979 85	71 065 96
Special Assessments	-	196 122 53	196 122 53
Miscellaneous	19 437 05	6 910 34	26 347 39
Total Revenues	453 694 17	312 360 04	766 054 21
Program Expenses:			
Legislative	2 730 00	-	2 730 00
General Government	94 512 73	-	94 512 73
Public Safety	62 167 16	-	62 167 16
Public Works	213 745 98	185 213 77	398 959 75
Total Expenses	373 155 87	185 213 77	558 369 64
Increase in Net Assets	80 538 30	127 146 27	207 684 57
Net Assets, April 1	854 899 00	1 389 390 86	2 244 289 86
Net Assets, March 31	935 437 30	1 516 537 13	2 451 974 43

TOWNSHIP OF SAND BEACH
Huron County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: Some of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, the Cemetery Fund, and the Cemetery Perpetual Care Fund.

Business-Type Funds: Some of the Township's activities are included in the business-type fund category. The Township has a Water Fund which supplies water to residents in a district along the M-25 corridor east to the Lake Huron shoreline. The water fund had an increase in net assets of \$127,146.27.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in both the governmental and business-type activities remains strong.

Our external debt includes outstanding bonds with a principal balance at March 31, 2008 of \$1,400,000.00

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The following points represent the most significant financial highlights for the year ended March 31, 2008.

The fund balance in the General fund increased \$74,719.36.

The fund balance in the Cemetery Fund increased \$5,637.39.

The fund balance in the Cemetery Perpetual Care Fund increased \$3,995.55.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

As of March 31, 2008, Sand Beach Township had a total of \$2,366,008.00 (net of depreciation) invested in capital assets including land, tile, buildings, equipment, water tower, and water distribution lines.

Debt service for the water line totaled \$685,764.75 (\$625,000.00 principal and \$60,764.75 interest) in the past year on bonded debt with a remaining outstanding principal balance of \$1,400,000.00.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Township anticipates re-paving 2 miles of McIntosh Road and replacing several culverts throughout the Township in the next year. These projects will be paid with funds collected in previous years for road construction as well as with funds to be collected in the current year.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to Wade Mazure, Township Supervisor, 6573 Learman Road, Harbor Beach, MI 48441 or to Warren Geiger, Township Clerk, 8665 Lincoln Road, Harbor Beach, MI 48441.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	104 010 95	85 509 31	189 520 26
Investments	772 936 37	71 720 07	844 656 44
Taxes receivable	12 730 85	-	12 730 85
Accounts receivable	-	14 738 66	14 738 66
Delinquent assessments receivable	-	18 159 48	18 159 48
Total Current Assets	<u>889 678 17</u>	<u>190 127 52</u>	<u>1 079 805 69</u>
RESTRICTED ASSETS:			
Cash – debt service	-	1 348 09	1 348 09
Investments – debt service	-	246 882 39	246 882 39
Total Restricted Assets	<u>-</u>	<u>248 230 48</u>	<u>248 230 48</u>
CAPITAL ASSETS:			
Capital Assets	112 904 00	2 708 357 00	2 821 261 00
Less: Accumulated Depreciation	<u>(59 860 00)</u>	<u>(395 393 00)</u>	<u>(455 253 00)</u>
Total Capital Assets	<u>53 044 00</u>	<u>2 312 964 00</u>	<u>2 366 008 00</u>
OTHER ASSETS:			
Deferred assessments receivable	-	1 203 356 58	1 203 356 58
Deferred charges (net of accumulated amortization)	<u>-</u>	<u>182 253 13</u>	<u>182 253 13</u>
Total Other Assets	<u>-</u>	<u>1 385 609 71</u>	<u>1 385 609 71</u>
TOTAL ASSETS	<u>942 722 17</u>	<u>4 136 931 71</u>	<u>5 079 653 88</u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	3 559 87	458 67	4 018 54
Payable from restricted assets:			
Bonds payable – current portion	-	135 000 00	135 000 00
Accrued interest payable	<u>-</u>	<u>16 579 33</u>	<u>16 579 33</u>
Total Current Liabilities	<u>3 559 87</u>	<u>152 038 00</u>	<u>155 597 87</u>
NON-CURRENT LIABILITIES:			
Deferred revenue	3 725 00	1 203 356 58	1 207 081 58
Bonds payable – long-term portion	<u>-</u>	<u>1 265 000 00</u>	<u>1 265 000 00</u>
Total Non-current Liabilities	<u>3 725 00</u>	<u>2 468 356 58</u>	<u>2 472 081 58</u>
Total Liabilities	<u>7 284 87</u>	<u>2 620 394 58</u>	<u>2 627 679 45</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

March 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	53 044 00	896 384 67	949 428 67
Reserved for debt service	-	248 230 48	248 230 48
Reserved for cemetery care	83 186 62	-	83 186 62
Reserved for fire protection	2 614 52	-	2 614 52
Unrestricted	<u>796 592 16</u>	<u>371 921 98</u>	<u>1 168 514 14</u>
Total Net Assets	<u>935 437 30</u>	<u>1 516 537 13</u>	<u>2 451 974 43</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>942 722 17</u></u>	<u><u>4 136 931 71</u></u>	<u><u>5 079 653 88</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	2 730 00	-	(2 730 00)
General government	94 512 73	49 584 13	(44 928 60)
Public safety	62 167 16	-	(62 167 16)
Public works	<u>213 745 98</u>	<u>-</u>	<u>(213 745 98)</u>
Total Governmental Activities	<u>373 155 87</u>	<u>49 584 13</u>	<u>(323 571 74)</u>
Business-Type Activities:			
Water	<u>185 213 77</u>	<u>75 347 32</u>	<u>-</u>
Total Business-Type Activities	<u>185 213 77</u>	<u>75 347 32</u>	<u>-</u>
Total Primary Government	<u><u>558 369 64</u></u>	<u><u>124 931 45</u></u>	<u><u>(323 571 74)</u></u>
General Revenues:			
Property taxes			240 821 59
State revenue sharing			106 765 29
Interest			37 086 11
Special assessments			-
Miscellaneous			<u>19 437 05</u>
Total General Revenues			<u>404 110 04</u>
Change in net assets			80 538 30
Net assets, beginning of year			<u>854 899 00</u>
Net Assets, End of Year			<u><u>935 437 30</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Business-Type Activities</u>	<u>Total</u>
<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
-	(2 730 00)
-	(44 928 60)
-	(62 167 16)
-	(213 745 98)
-	(323 571 74)
(109 866 45)	(109 866 45)
(109 866 45)	(109 866 45)
(109 866 45)	(433 438 19)
-	240 821 59
-	106 765 29
33 979 85	71 065 96
196 122 53	196 122 53
6 910 34	26 347 39
237 012 72	641 122 76
127 146 27	207 684 57
1 389 390 86	2 244 289 86
1 516 537 13	2 451 974 43

TOWNSHIP OF SAND BEACH
Huron County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Cemetery</u>	<u>Other Funds (Cemetery Perpetual Care)</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	1 734 68	16 415 86	83 186 62	101 337 16
Investments	739 374 02	33 562 35	-	772 936 37
Taxes receivable	12 730 85	-	-	12 730 85
Due from other funds	<u>2 673 79</u>	<u>-</u>	<u>-</u>	<u>2 673 79</u>
Total Assets	<u>756 513 34</u>	<u>49 978 21</u>	<u>83 186 62</u>	<u>889 678 17</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	3 110 39	449 48	-	3 559 87
Deferred revenue	<u>-</u>	<u>3 725 00</u>	<u>-</u>	<u>3 725 00</u>
Total liabilities	<u>3 110 39</u>	<u>4 174 48</u>	<u>-</u>	<u>7 284 87</u>
Fund equity:				
Fund balances:				
Reserved for cemetery care	-	-	83 186 62	83 186 62
Reserved for fire protection	2 614 52	-	-	2 614 52
Unreserved:				
Undesignated	<u>750 788 43</u>	<u>45 803 73</u>	<u>-</u>	<u>796 592 16</u>
Total fund equity	<u>753 402 95</u>	<u>45 803 73</u>	<u>83 186 62</u>	<u>882 393 30</u>
Total Liabilities and Fund Equity	<u>756 513 34</u>	<u>49 978 21</u>	<u>83 186 62</u>	<u>889 678 17</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	882 393 30
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	112 904 00
Accumulated depreciation	<u>(59 860 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>935 437 30</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	General	Cemetery	Other Funds (Cemetery Perpetual Care)	Total
Revenues:				
Property taxes	240 821 59	-	-	240 821 59
Licenses and permits	1 130 00	-	-	1 130 00
State revenue sharing	106 765 29	-	-	106 765 29
Charges for services – PTAF	20 754 13	-	-	20 754 13
Charges for services – cemetery	-	27 700 00	-	27 700 00
Interest	31 564 13	1 526 43	3 995 55	37 086 11
Miscellaneous	19 259 14	177 91	-	19 437 05
Total revenues	420 294 28	29 404 34	3 995 55	453 694 17
Expenditures:				
Legislative:				
Township Board	2 730 00	-	-	2 730 00
General government:				
Supervisor	6 010 00	-	-	6 010 00
Elections	828 65	-	-	828 65
Assessor	13 070 00	-	-	13 070 00
Clerk	9 900 00	-	-	9 900 00
Board of Review	807 35	-	-	807 35
Treasurer	12 707 50	-	-	12 707 50
Building and grounds	2 248 58	-	-	2 248 58
Cemetery	-	23 766 95	-	23 766 95
Unallocated	21 359 70	-	-	21 359 70
Public safety:				
Fire protection	55 984 16	-	-	55 984 16
Ambulance	4 410 00	-	-	4 410 00
Planning and zoning	1 773 00	-	-	1 773 00
Public works:				
Highways and streets	194 811 12	-	-	194 811 12
Drains	856 80	-	-	856 80
Sanitation	13 078 06	-	-	13 078 06
Water	5 000 00	-	-	5 000 00
Total expenditures	345 574 92	23 766 95	-	369 341 87
Excess (deficiency) of revenues over expenditures	74 719 36	5 637 39	3 995 55	84 352 30
Other financing sources (uses):				
Transfers in	-	4 024 81	575 00	4 599 81
Transfers out	-	(575 00)	(4 024 81)	(4 599 81)
Total other financing sources (uses)	-	3 449 81	(3 449 81)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	74 719 36	9 087 20	545 74	84 352 30
Fund balances, April 1	678 683 59	36 716 53	82 640 88	798 041 00
Fund Balances, March 31	753 402 95	45 803 73	83 186 62	882 393 30

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 84 352 30

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(3 814 00)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 80 538 30

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

STATEMENT OF NET ASSETS – ALL PROPRIETARY FUNDS
March 31, 2008

	<u>Enterprise (Water)</u>
<u>Assets</u>	
Current assets:	
Cash	85 509 31
Investments	71 720 07
Accounts receivable	14 738 66
Delinquent assessments receivable	<u>18 159 48</u>
Total current assets	<u>190 127 52</u>
Restricted assets:	
Cash – Debt service	1 348 09
Investments – Debt service	<u>246 882 39</u>
Total restricted assets	<u>248 230 48</u>
Capital assets:	
Water system	2 708 357 00
Less: Accumulated depreciation	<u>(395 393 00)</u>
Capital assets – net	<u>2 312 964 00</u>
Other assets:	
Deferred assessments receivable	1 203 356 58
Deferred charges (net of accumulated amortization)	<u>182 253 13</u>
Total other assets	<u>1 385 609 71</u>
Total Assets	<u>4 136 931 71</u>
<u>Liabilities and Net Assets</u>	
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	458 67
Payable from restricted assets:	
Bonds payable – current portion	135 000 00
Accrued interest payable	<u>16 579 33</u>
Total current liabilities	<u>152 038 00</u>
Noncurrent liabilities:	
Bonds payable – long-term portion	1 265 000 00
Deferred revenue	<u>1 203 356 58</u>
Total noncurrent liabilities	<u>2 468 356 58</u>
Total liabilities	<u>2 620 394 58</u>
Net Assets:	
Invested in capital assets, net of related debt	896 384 67
Restricted for:	
Debt service	248 230 48
Unrestricted	<u>371 921 98</u>
Total net assets	<u>1 516 537 13</u>
Total Liabilities and Net Assets	<u>4 136 931 71</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
ALL PROPRIETARY FUNDS
Year ended March 31, 2008

	<u>Enterprise (Water)</u>
Operating revenues:	
Service charges	75 347 32
Miscellaneous	<u>6 910 34</u>
Total operating revenues	<u>82 257 66</u>
Operating expenses:	
Wages	10 796 00
Payroll taxes	719 09
Insurance	2 922 00
Professional fees	765 00
Utilities	1 213 54
Supplies	2 949 33
Repairs and maintenance	11 819 12
Cost of water	20 360 07
Miscellaneous	<u>1 449 87</u>
Total operating expenses before depreciation	<u>52 994 02</u>
Operating income before depreciation	29 263 64
Less depreciation	<u>(54 887 00)</u>
Operating income (loss)	<u>(25 623 36)</u>
Non-operating income (expense):	
Interest earnings	33 979 85
Special assessments	196 122 53
Interest expense	(60 764 75)
Amortization of bond issue costs	<u>(16 568 00)</u>
Net non-operating income (expense)	<u>152 769 63</u>
Net income (loss)	127 146 27
Net assets, beginning of year	<u>1 389 390 86</u>
Net Assets, End of Year	<u><u>1 516 537 13</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUNDS
Year ended March 31, 2008

	<u>Enterprise (Water)</u>
Cash flows from operating activities:	
Cash received from customers	76 492 18
Cash payments for goods and services	(45 042 35)
Cash payments to employees	(10 796 00)
Cash received from miscellaneous income	<u>6 910 34</u>
Net cash provided by operating activities	<u>27 564 17</u>
Cash flows from capital and related financing activities:	
Principal paid on bonds	(625 000 00)
Interest and fees paid on bonds	(75 050 42)
Collection of special assessments	<u>196 122 53</u>
Net cash (used) for capital and related financing activities	<u>(503 927 89)</u>
Cash flows from investing activities:	
Investment income	<u>42 502 58</u>
Net cash provided by investing activities	<u>42 502 58</u>
Net increase (decrease) in cash and restricted cash	(433 861 14)
Cash and restricted cash – April 1	<u>839 321 00</u>
Cash and restricted cash – March 31	<u><u>405 459 86</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating (loss)	(25 623 36)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	54 887 00
Change in assets and liabilities:	
(Increase) in accounts receivable	1 144 86
(Decrease) in accounts payable	<u>(2 844 33)</u>
Net Cash Provided (Used) for Operating Activities	<u><u>27 564 17</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Sand Beach, Huron County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Sand Beach. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business-type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present revenues and expenses in net total assets. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Enterprise Fund

The Water Fund reports operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

Permanent Fund

The Permanent Fund is legally restricted to expenditures for the perpetual care of the cemetery.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

All purchases of materials are reflected in expenses when paid in all funds.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 3.88 mills, and the taxable value was \$61,347,988.00

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-40 years
Equipment	5-10 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 2 – Budgets and Budgetary Accounting (continued)

4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated four banks for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>190 868 35</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	126 951 50
Uninsured and Uncollateralized	<u>63 916 85</u>
Total Deposits	<u>190 868 35</u>

The Township had the following investments at March 31, 2008:

Nonrisk-categorized financial institution pooled funds	<u>1 091 538 83</u>
Total	<u>1 091 538 83</u>

TOWNSHIP OF SAND BEACH
Huron County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 3 – Deposits and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds are the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental and Business-Type activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land and improvements	16 720 00	-	-	16 720 00
Buildings and improvements	84 279 00	-	-	84 279 00
Equipment	13 521 00	-	(1 616 00)	11 905 00
Total	114 520 00	-	(1 616 00)	112 904 00
Accumulated Depreciation	(57 662 00)	(3 814 00)	-	(59 860 00)
Net Governmental Capital Assets	<u>56 858 00</u>	<u>(3 814 00)</u>	<u>-</u>	<u>53 044 00</u>
<u>Business-Type Activities:</u>				
Water System	2 708 357 00	-	-	2 708 357 00
Accumulated Depreciation	(340 506 00)	54 887 00	-	(395 393 00)
Net Business-Type Capital Assets	<u>2 367 851 00</u>	<u>54 887 00</u>	<u>-</u>	<u>2 312 964 00</u>

TOWNSHIP OF SAND BEACH
Huron County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township does not have a pension plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

The Township of Sand Beach does not issue building permits.

Note 9 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
Bonds Payable – water	2 025 000 00	-	625 000 00	1 400 000 00
Total	<u>2 025 000 00</u>	<u>-</u>	<u>625 000 00</u>	<u>1 400 000 00</u>

Note 10 – Bonds Payable – Water

On August 18, 2005, the Township became liable for the 2005 refunding bonds, issued by Huron County. The agreement requires semi-annual payments sufficient in amount to pay the County bond principal and interest as it comes due. As of March 31, 2008, the principal balance outstanding was \$1,400,000.00. The following is a summary of annual principal and interest payments on the bonds as of March 31, 2008:

<u>Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	3.00%	\$135 000 00	\$49 738 00	\$184 738 00
2009	3.50	130 000 00	45 438 00	175 438 00
2010	3.50	130 000 00	40 888 00	170 888 00
2011	3.75	130 000 00	36 175 00	166 175 00
2012	3.75	130 000 00	31 300 00	161 300 00
2013	3.88	125 000 00	26 441 00	151 441 00
2014	3.70	125 000 00	21 706 00	146 706 00
2015	3.80	125 000 00	17 019 00	142 019 00
2016	3.88	125 000 00	12 222 00	137 222 00
2017	4.00	125 000 00	7 300 00	132 300 00
2018	4.00	120 000 00	2 400 00	122 400 00
Totals		<u>\$1 400 000 00</u>	<u>\$290 627 00</u>	<u>\$1 690 627 00</u>

TOWNSHIP OF SAND BEACH
Huron County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 11 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>2 673 79</u>	Current Tax Collection	<u>2 673 79</u>
Total	<u>2 673 79</u>	Total	<u>2 673 79</u>

Note 12 – Joint Ventures

Fire Protection – Pursuant to an inter-local agreement dated September 10, 1984 between the Township and the City of Harbor Beach, fire protection services are provided by the Harbor Beach Community Fire Protection Association. At inception, the Township contributed \$200,400 for its equity interest in the equipment of the association. The Township makes annual operating contributions to the Association based on a formula involving SEV, population, dwelling units, number of fire runs and miles of roads which is included in the agreement and amounted to \$55,984.16 for the year ended March 31, 2008. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. Separate financial statements through 2004 for the joint venture are available from the Harbor Beach Community Fire Protection Association. As of December 31, 2006, the net assets amounted to \$413,940.00.

Ambulance Service – Pursuant to an interlocal agreement dated October 2, 1978 between the Township and the City of Harbor Beach, the Village of Port Hope and Forestville, and Township of Bloomfield, Gore, Huron, Rubicon, Sherman, the north half of Delaware and the east half of Sigel, ambulance service is provided by the Eastern Huron Ambulance Service Association. The Township makes annual operating contributions to the Association based on population of the Township which amounted to \$4,410.00 for the year ended March 31, 2008. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. However, upon withdrawal by a constituent unit, the equity interest can be received only in the form of ambulance runs. Separate financial statements for the joint venture are available from the Eastern Huron Ambulance Service Association. As of December 31, 2006, net assets amounted to \$496,830.00.

TOWNSHIP OF SAND BEACH
Huron County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	239 800 00	239 807 50	240 821 59	1 014 09
Licenses and permits	1 300 00	1 300 00	1 130 00	(170 00)
State revenue sharing	105 900 00	105 900 00	106 765 29	865 29
Charges for services:				
Property tax administration	19 500 00	19 500 00	20 754 13	1 254 13
Interest	27 000 00	27 000 00	31 564 13	4 564 13
Miscellaneous	17 710 00	17 710 00	19 259 14	1 549 14
Total revenues	<u>411 210 00</u>	<u>411 217 50</u>	<u>420 294 28</u>	<u>9 076 78</u>
Expenditures:				
Legislative:				
Township Board	2 730 00	2 730 00	2 730 00	-
General government:				
Supervisor	6 010 00	6 010 00	6 010 00	-
Elections	1 000 00	1 000 00	828 65	(171 35)
Assessor	13 070 00	13 070 00	13 070 00	-
Clerk	9 900 00	9 900 00	9 900 00	-
Board of Review	1 500 00	1 500 00	807 35	(692 65)
Treasurer	12 700 00	12 707 50	12 707 50	-
Building and grounds	3 300 00	3 400 00	2 248 58	(1 151 42)
Unallocated	29 600 00	29 700 00	21 359 70	(8 340 30)
Public safety:				
Fire protection	55 000 00	56 000 00	55 984 16	(15 84)
Ambulance	4 410 00	4 410 00	4 410 00	-
Planning and zoning	2 025 00	2 125 00	1 773 00	(352 00)
Public works:				
Highways and streets	243 565 00	243 465 00	194 811 12	(48 653 88)
Drains	1 000 00	1 000 00	856 80	(143 20)
Sanitation	16 600 00	16 600 00	13 078 06	(3 521 94)
Water	5 000 00	5 000 00	5 000 00	-
Contingency	2 500 00	1 400 00	-	(1 400 00)
Capital outlay	1 300 00	1 300 00	-	(1 300 00)
Total expenditures	<u>411 210 00</u>	<u>411 317 50</u>	<u>345 574 92</u>	<u>(65 742 58)</u>
Excess (deficiency) of revenues over expenditures	-	(100 00)	74 719 36	74 819 36
Fund balance, April 1	-	100 00	678 683 59	678 583 59
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>753 402 95</u>	<u>753 402 95</u>

TOWNSHIP OF SAND BEACH
Huron County, Michigan

BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Charges for services – cemetery	20 700 00	23 100 00	27 700 00	4 600 00
Interest	5 500 00	5 500 00	1 526 43	(3 973 57)
Miscellaneous	200 00	200 00	177 91	(22 09)
Total revenues	26 400 00	28 800 00	29 404 34	604 34
Expenditures:				
General government:				
Cemetery	26 260 00	28 660 00	23 766 95	(4 893 05)
Total expenditures	26 260 00	28 660 00	23 766 95	(4 893 05)
Excess (deficiency) of revenues over expenditures	140 00	140 00	5 637 39	5 497 39
Other financing sources (uses):				
Transfers in	-	-	4 024 81	4 024 81
Transfers out	-	-	(575 00)	(575 00)
Total other financing sources (uses)	-	-	3 449 81	3 449 81
Excess (deficiency) of revenues and other sources over expenditures and other uses	140 00	140 00	9 087 20	8 947 20
Fund balance, April 1	-	-	36 716 53	36 716 53
Fund Balance, March 31	140 00	140 00	45 803 73	45 663 73

TOWNSHIP OF SAND BEACH
Huron County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Salaries	<u>2 730 00</u>
Supervisor:	
Salary	<u>6 010 00</u>
Elections:	
Wages	<u>828 65</u>
Assessor:	
Salary	<u>13 070 00</u>
Clerk:	
Salary	<u>9 900 00</u>
Board of Review	<u>807 35</u>
Treasurer:	
Salary	<u>12 707 50</u>
Building and grounds:	
Utilities	1 580 21
Repairs and maintenance	<u>668 37</u>
	<u>2 248 58</u>
Unallocated:	
Payroll taxes	3 855 03
Professional services	2 465 00
Insurance	4 485 00
Supplies	3 431 82
Printing and publishing	3 059 22
Dues	1 080 46
Travel	2 698 17
Miscellaneous	<u>285 00</u>
	<u>21 359 70</u>
Fire protection	<u>55 984 16</u>
Ambulance	<u>4 410 00</u>
Planning and zoning:	
Wages	1 090 00
Contracted services	625 00
Supplies	<u>58 00</u>
	<u>1 773 00</u>
Highways and streets	<u>194 811 12</u>
Drains at large	<u>856 80</u>
Sanitation:	
Wages	3 490 00
Supplies	<u>9 588 06</u>
	<u>13 078 06</u>
Water:	
Hydrant – rental	<u>5 000 00</u>
Total Expenditures	<u><u>345 574 92</u></u>

TOWNSHIP OF SAND BEACH
Huron County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>Assets</u>				
Cash in Bank	<u>-</u>	<u>2 031 399 83</u>	<u>2 028 726 04</u>	<u>2 673 79</u>
<u>Liabilities</u>				
Due to other funds	-	449 354 55	446 680 76	2 673 79
Due to others	<u>-</u>	<u>1 582 045 28</u>	<u>1 582 045 28</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>2 031 399 83</u>	<u>2 028 726 04</u>	<u>2 673 79</u>

TOWNSHIP OF SAND BEACH
Huron County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2008

Cash in bank – beginning of year	<u>-</u>
Cash receipts:	
Property tax	2 008 970 18
Property tax administration fees	19 755 86
Interest	<u>2 673 39</u>
Total cash receipts	<u>2 031 399 43</u>
Total beginning balance and cash receipts	<u>2 031 399 43</u>
Cash disbursements:	
Township General Fund	261 589 73
Township Water Fund	185 091 03
Huron County	741 192 53
Huron Intermediate School District	276 951 33
Harbor Beach School District	472 214 63
Eccles School District	122 40
Harbor Beach Area District Library	<u>91 564 39</u>
Total cash disbursements	<u>2 028 726 04</u>
Cash in Bank – End of Year	<u><u>2 673 39</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 25, 2008

To the Township Board
Township of Sand Beach
Huron County, Michigan

We have audited the financial statements of the Township of Sand Beach for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Sand Beach in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Sand Beach
Huron County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants